

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 ICAE-00 INRE-00 ACDA-12 INR-10

IO-13 L-03 EB-08 NRC-05 OES-07 SOE-02 SS-15

SP-02 CEQ-01 PM-05 /110 W

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7939

INFO USDOE WASHDC

AMEMBASSY BUENOS AIRES

AMEMBASSY VIENNA

C O N F I D E N T I A L BRASILIA 4772

VIENNA FOR USIAEA

EO 11652: GDS

TAGS: ENRG, MNUC, PARM, BR

SUBJ: AMBASSADOR SMITH'S VISIT TO BRAZIL - SUMMARY AND ASSESSMENT

REF: A) BRASILIA 4652, B) BRASILIA 4655, C) BRASILIA 4700,

1. SUMMARY: VISIT WAS CONSTRUCTIVE AND PRODUCTIVE; TONE OF DISCUSSIONS WAS VERY GOOD. IMMEDIATE EXPORT CRITERIA WERE RECONFIRMED. GOB VIEWS VISIT AS VERY USEFUL TO UNDERSTANDING US-BRAZIL NUCLEAR COOPERATION UNDER NEW LEGISLATION. THE GOB WAS FORTHCOMING IN MEETING LEGAL REQUIREMENTS OF THE ACT WITHOUT RETREATING FROM PAST POSITIONS ON TREATIES AND FUEL CYCLE. END SUMMARY.

2. AS DOCUMENTED IN REF A AND REF C, VISIT RECONFIRMED USG JUDGEMENT THAT BRAZIL SATISFIES ALL IMMEDIATELY APPLICABLE EXPORT LICENSING CRITERIA OF NUCLEAR NON-PROLIFERATION ACT OF 1978. GOB MAY PROVIDE FURTHER CONFIRMING STATEMENTS ON BRAZIL'S COMPLIANCE WITH THESE CRITERIA (E.G. ON NONE-PNE AND CONFIDENTIAL

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ON PHYSICAL SECURITY). GOB STATEMENTS ON RESEARCH REACTOR FUEL ISSUE PAVED WAY FOR USG CONSIDERATION OF PRESENT BRAZILIAN NEED FOR SMALL AMOUNT OF HIGHLY ENRICHED URANIUM FOR THIS PURPOSE.

3. AS ALSO STATED IN REF A, BRAZIL INTENDS TO MEET ACT'S DELAYED EXPORT LICENSING CRITERIA FOR FULL-SCHOPE SAFEGUARDS BY MAINTAINING IAEA SAFEGUARDS ON ALL RESEARCH AND POWER

FACILITIES AND MATERIAL IN FUTURE. THERE WAS NO INDICATION THE GOB WILL CHNGE ITS PREVIOUS POSITION ON NPT OR TLATELOLCO TREATY.

4. GOB MADE IT ABSOLUTELY CLEAR THAT IT IS NOT PRESENTLY INTERESTED IN AMENDING OR RE-NEGOTIATING AGREEMENT FOR COOPERATION WHICH IT REGARDS AS QUOTE LEGALLY PERFECT, END QUOTE. POSSIBILITY OF ADDITIONAL NUCLEAR COOPERATION WHICH WOULD REQUIRE AMENDMENT OF AGREEMENT (E.G., POWER REACTOR FUEL FOR OTHER THAN ANGRA-1) IS POLITICAL DECISION NOT YET TAKEN BY GOB (COMMENT: IN EMBASSY'S VIEW, SUCH DECISIOH IS NOT LIKELY TO BE CONSIDERED TO TAKEN BY GEISEL ADMINISTRATION DURING ITS CLOSING PERIOD. END COMMENT).

5. GOB IS WILLING TO DISCUSS US MULTILATERAL FUEL-SERVICE ASSURANCE INITIATIVES, IS INTERESTED AND SYMPATHETIC TO SOME IDEAS, BUT IS NON-COMMITAL AND GAVE NO INDICATION OF CHANGE IN POSTURE TO QUALIFY FOR PARTICIPATION IN THESE INITIATIVES. GOB MADE POINT DURING VISIT OF REITERATING ITS RESOLVE TO PROCEED WITH NATIONAL FACILITIES FOR COMPLETE URANIUM FUEL CYCLE.

6. MOST IMPORTANT NEW POINTS IN GOB POSITION WERE: A) ABANDONMENT OF GOB POSITION ON DEVELOPMENT OR USE OF NUCLEAR EXPLOSIVES DEVICES FOR PEACEFUL PURPOSES. SPOKESMEN (SILVEIRA, CARVALHO, AND SILVEIRA'S ECONOMIC ADVISOR) STATED THAT GOB NO LONGER BELIEVES THIS CONCEPT IS BENEFICIAL OR VIABLE AND HAS NO FURTHER INTERST
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IN IT; B) ACCEPTANCE OF TERMS OF PRESENT AGREEMENT FOR COOPEATION AS GIVING US VETO RIGHT OVER REPROCESSING OR ALTERATION OF US-ORGIN FUEL IN SAFEGUARDED GOB FACILITIES; C) CLEAR INDICATION THAT GOB CONSIDERS THORIUM SYSTEMS DEVELOPMENT AS LONG-TERM QUESTION AND NOT RELEVANT TO PRESENT ARGUMENT ON URANIUM FUEL-CYCLE.

7. MINISTER OF MINES AND ENERGY UEKI PRESENTED COHERENT BRIEFING ON GOB ENERGY POLICY AND PROGRAM (DETAILS REPORTED SEPTTEL) WHICH CONTAINED FOLLOWING HIGHLIGHTS RELEVANT TO VISIT: US LOST OUT IN NUCLEAR AREA IN 1975 - GOB WILL CONTINUE PRESENT POLICY AND US CAN EXPECT NO NEW COMMERICAL NUCLEAR OPPORTUNITY IN FUTURE. IN NUCLEAR AREA, GOB WILL AVOID PAST ERRORS AND PURSUE ONE TECHNOLOGY AND INDUSTRIAL DESIGN (KWU). RELATIVELY SMALL PLANNED CONTRIBUTION OF NUCLEAR POWER (ALTHOUGH HIGH COST) TO FUTURE ELECTRIC SYSTEM IS STRONGLY JUSTIFIED. SYSTEM CANNOT BE MORE THAN 90 PERCENT HYDRO-POWER CONSIDERING SEASONAL RAINFALL VARIATIONS AND OCCASIONAL CLIMATIC DECREASE IN RAINFALL. THERMAL ALTERNATIVES TO NUCLEAR ARE LESS COMPETITIVE (COAL BECAUSE RESERVES ARE NOT LARGE, ARE LOW GRADE, ARE CONCENTRATED IN SMALL SECTOR OF COUNTRY AND TRANSPORT COSTS ARE PROHIBITIVE - OIL BECAUSE OF HIGH IMPORT COSTS AND DEPENDENCE).

THE APPROACH IN NUCLEAR AREA IS CONSISTENT WITH GOB TECHNOLOGY POLICY IN OTHER AREAS - BUY AND IMPORT BEST TECHNOLOGY AVAILABLE, ABSORB IT IN INSTITUTES AND INDUSTRY, ADAPT IT TO BRAZILIAN (AND OTHER TROPICAL DEVELOPING COUNTRIES) CONDITIONS AND NEEDS, EXPLOIT AND EXPORT IT. UEKI CHARACTERIZED BRAZILIAN SCIENTISTS AND TECHNICIANS WHO ADVOCATED DEVELOPMENT OF INDIGENOUS NUCLEAR TECHNOLOGY AS NAIVE AND MISGUIDED.

8. GOB REACTION TO VISIT A) WE THOUGHT FOREIGN MINISTER SILVEIRA WAS EXTREMELY WELL-BRIEFED AND CONSTRUCTIVE IN HIS HANDLING OF DISCUSSION. HE SEEMED TO BE AWARE OF SMITH MISSION'S LEGAL MANDATE AND TRIED TO BE HELPFUL TO ITS PURPOSE. SILVEIRA CONTROLLED MEMBERS OF GOB DELEGATION WHO WERE READY TO ENGAGE IN CONTROVERSY; B) SUBSEQUENT TO VISIT, EMBOFF CHECKED WITH CONFIDENTIAL

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SOME OF PRINCIPLE GOB PARTICIPANTS AND UNIFORMLY OBTAINED POSITIVE COMMENTS: QUOTE MOST USEFUL, END QUOTE, QUOTE POSIVE - WENT VERY WELL AND SHOULD CONTINUE, END QUOTE, QUOTE SEVERAL POINTS WERE CLARIFIED, END QUOTE, QUOTE ONLY POLITICAL DECISIONS REMAIN, WHICH WILL TAKE TIME (BEYOND PRESENT ADMINISTRATION) TO RESOLVE, END QUOTE, QUOTE NO REAL PROBLEMS EXIST - WE HAVE TIME FOR CLARIFICATION BEFORE NEXT EXPORT LICENSE IS NEEDED, END QUOTE, QUOTE NO NEW NUCLEAR COOPERATION WILL START UNTIL THE NEXT ADMINISTRATION IN BRAZIL. END QUOTE; C) FURNAS REPRESENTATIVE, DAVID SIMON CALLED SCICOUN TO URGE THAT WE RESOLVE FINALLY ISSUE OF ANGRA II/III CONDITIONAL CONTRACTS BEFORE END OF JUNE; D) PRESS COMMENTS (REPORTED SEPTTEL) REMAINED SKEPTICAL DESPITE SOME POSITIVE STAS BY FOREIGN MINISTRY SPOKESMAN. SAYRE

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